

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$100,000,000

Project Information:
Name: Waste Management, Inc. Project
Project Address: Various throughout California
Project City, County, Zip Code: Various throughout California

Project Sponsor Information:
Name: Waste Management, Inc.
Address: 1001 Fannin Street
Houston, Texas, 77002
Principals: Charles C. Boettcher, Barry H. Caldwell, James C. Fish, Jr.,
Jeff M. Harris, John J. Morris, Devina A. Rankin, James E.
Trevathan, Jr.
Contact: Jeff Bennett, Assistant Treasurer
Phone: (713) 394-5262

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Bank of America Merrill Lynch
Credit Enhancement Provider: Bank of America Merrill Lynch
Bond Rating: Standard & Poor's A-/A2
TEFRA Hearing Date & Adoption Date: See Comments

Project Sponsor's Principal Activity:
According to the Applicant, they are actively participating in waste collection, recycling and disposal throughout California.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): Yes

Comments :
TEFRA HEARING & ADOPTION DATES: County of Shasta, October 3, 2017; County of Santa Clara, October 17, 2017; County of Alameda, October 17, 2017; County of Kern, October 10, 2017; County of Ventura, October 10, 2017; City of Palmdale, October 10, 2017

Details of Transaction:

Sources of Funds:

Tax-Exempt Bond Proceeds	\$	100,000,000
Other Sources	\$	30,000,000
Total Sources	\$	<u>130,000,000</u>

Uses of Funds:

Site Acquisition and Land Improvements	\$	13,009,310
New Buildings Construction	\$	25,247,086
New Equipment Purchase & Installation	\$	17,018,160
Landfill Improvements	\$	<u>74,725,444</u>
Total Uses	\$	130,000,000

Description of Proposed Project:

According to the Applicant, the Project consists of financing solid waste disposal and recycling facilities, as follows: (a) improvements to existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (iii) site improvements, (iv) acquisition of equipment to be used at the landfill facilities, and (v) acquisition of other equipment and assets (including, but not limited to, land) necessary to support the foregoing improvements and to place them into service and (b) an existing collection (hauling) and transfer station facility, including (i) construction of new buildings, (ii) acquisition of solid waste and recycling sorting and processing equipment, (iii) site improvements, and (iv) acquisition of other equipment and assets (including, but not limited to, land) necessary to support the foregoing improvements and place them into service.

Environmental Impact:

1) Air Quality:

Transfer Stations and Manufacturing Recycling Facilities (“MRFs”) – improving capacity and efficiency in many locations will reduce air pollution by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas. Leachate and Methane Gas Recovery Systems – Waste Management, Inc. (“WM”) will continue to address the challenge of gas seepage from landfills located within the State of California.

2) Water Quality:

The construction of new landfill cells at the landfill facilities included in the Project will ensure protection of groundwater due to state-of-the-art liners and systems for mitigating infiltration and runoff of water seeping through the refuse.

3) Energy Efficiency:

The construction and/or expansion of transfer stations and MRFs will improve energy efficiency by reducing the length of the truck routes and the number of trucks on the road due to the centralization of transfer stations and MRFs within the service areas.

4) Recycling of Commodities:

None indicated.

5) Safety and Compliance:

WM is in compliance with all state and federal regulations.

6) Consumer Costs Savings and Efficiencies:

None indicated.

Local Government Support:

According to the Project Sponsor they enjoy a strong and rich relationship with each of the California political jurisdictions where WM operates and provides solid waste collection and disposal services. To that end, the Project Sponsor seeks to be an active member of the community and a strong corporate participant in the State of California through employment opportunities, recycling programs, community education and other neighborhood-oriented programming. The Project Sponsor enjoys the support of each government entity where WM is currently located.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends that the Committee approve \$100,000,000 in tax exempt bond allocation.